

## Optimization Strategy of Small and Medium Enterprise (SMEs) Products of Bintan Regency

**Rendra Setyadiharja<sup>a</sup>, Zamzami A. Karim<sup>b</sup>, Nurbaiti Usman Siam<sup>c</sup>,  
Shahril Budimand, Desmayeti Arfa<sup>e</sup>, Faizal Rianto<sup>f</sup>**

<sup>abcd</sup> *Government Department of Stisipol Raja Haji Tanjungpinang, Raja Haji Fisabilillah Road  
No.48 Tanjungpinang-Kepulauan Riau Province,*

<sup>e</sup> *Sociology Department of Stisipol Raja Haji Tanjungpinang, Raja Haji Fisabilillah Road No.48  
Tanjungpinang-Kepulauan Riau Province*

<sup>f</sup> *Public Administration Department of Stisipol Raja Haji Tanjungpinang, Raja Haji Fisabilillah  
Road No.48 Tanjungpinang-Kepulauan Riau Province*

**\*\*Corresponding author email: [rendra\\_tanjungpinang@yahoo.co.id](mailto:rendra_tanjungpinang@yahoo.co.id)**

### Abstract

There are some products from Bintan Regency SMEs that already have loyal consumers in a number of countries. However, SMEs are still faced with trading rules in the export sector. This is the main problem. In addition, there are problems with people's unstable purchasing, and a broad marketing reach separated from island to island. The purpose of this research was to establish a marketing optimization strategy for SMEs products in Bintan Regency. The research method used in this study is the Mix-Method approach. With a total sample of 65 SMEs using a random sampling cluster sampling technique and also purposive sampling. By using SWOT analysis, this research produces several strategies in SMEs marketing products that are obtained based on quantitative and qualitative analysis, namely Strengthening SMEs Institutions and Human Resources, Establishing SMEs Communities, Developing Business Partnerships, and Utilizing Information Technology in Developing Marketing SMEs Products.

**Keywords:** Strategy, Marketing, Products, SMEs

### 1. INTRODUCTION

The existence of SMEs cannot be doubted because they have proven to be able to survive and become the driving force of the economy, especially after the economic crisis. On the other hand, SMEs also face many problems, namely limited working capital, low human resources, and minimal mastery of science and technology. (Sudaryanto & Hanim, 2002) (Sudaryanto et al., 2014). Another obstacle faced by SMEs is the connection with unclear business prospects and planning, vision, and mission that are not yet solid. This happens because in general, SMEs are income gathering, namely increasing income, with the following characteristics: it is a family-owned business, uses relatively simple technology, lacks access to capital, and there is no separation of business capital with personal needs. (Sudaryanto et al., 2014).

In 2011, SMEs were able to have a large share of state revenues by contributing 61.9 percent of gross domestic product (GDP) income through tax payments, which are described as follows: the micro-business sector contributed 36.28 percent of GDP, the small business sector 10.9 percent, and the medium business sector 14.7 percent through tax payments. Meanwhile, the large business sector only contributed 38.1 percent of GDP through tax payments (Sudaryanto et al., 2014).

The 2010 World Economic Forum (WEF) report ranked the Indonesian market in 15th place. This shows that Indonesia is a potential market for other countries. This potential has not been fully utilized by SMEs. The development of SMEs in Indonesia is still faced with various problems, causing weak competitiveness of imported products. The main problems faced by SMEs include

limited infrastructure and government access related to licensing and bureaucracy as well as high levels of levies. With all the problems that exist, the huge potential of SMEs is hampered. Although SMEs are said to be able to survive the global crisis, in reality, the problems faced are many and more severe. This is because, in addition to being indirectly affected by the global crisis, SMEs must also face unresolved domestic problems such as labor wages, labor and illegal levies, corruption, and others. (Sudaryanto et al., 2014).

The Bintan Regency Trade and Cooperative Industry Service as reported by [www.bintankab.go.id](http://www.bintankab.go.id) 22 February 2018 edition ([bintankab.go.id](http://bintankab.go.id), 2018) explained that related to the growth of SMEs throughout 2017, the number of Small and Medium Enterprises (SMEs) in the Bintan Regency has increased to 2,871 business actors compared to 2016 which totaled 2,633 business actors.

The Bintan Regency Government is pleased with the growth of 238 SMEs in 2017. The Regional Government of Bintan Regency will continue to optimize various coaching efforts so that SMEs can continue to develop, so as to contribute to the community and local government. The ideal percentage for developing the economy to a more advanced level requires a minimum of two percent of the population ([bintankab.go.id](http://bintankab.go.id), 2018).

In 2017, Bintan Regency had an economic growth of above 5.3%. The growth of SMEs certainly has contributed to contribute. To build a more advanced economy, ideally, we need 2% of the population. This means that Bintan Regency needs around 3,000 SME entrepreneurs, and the Bintan Regency Government continues to build it ([bintankab.go.id](http://bintankab.go.id), 2018).

In 2016, the number of Micro Businesses in the Bintan Regency was recorded as many as 1,980, which has increased in 2017 with a growth rate of 8% or 2,140 business actors. Meanwhile, the number of Small Businesses in the Bintan Regency in 2016 was 485 business actors, it has increased in 2017 with a growth rate of 15.46% or as many as 560 business actors. And, the number of Medium Business actors in the Bintan Regency in 2016 was 168 business actors, has increased in 2017 with a growth rate of 1.79% or as many as 171 business actors. ([bintankab.go.id](http://bintankab.go.id), 2018).

The Bintan Regency government business actors ask to be able to continue to improve product quality so that they can be competitive in the market and become strong and independent entrepreneurs. The local government is currently looking for an innovative formula, related to the improvement of the SME sector, one of which is through the concept of cooperation partners and proposing low credit interest rates for SMEs ([bintankab.go.id](http://bintankab.go.id), 2018).

However, with the condition of the number of SMEs in Bintan Regency that continues to experience growth, followed by the desire of the Bintan Regency Government to continue to encourage business in the SME sector, there are not any obstacles which then become a problem in the development of SMEs when viewed from a sustainability perspective. Actually, SME products penetrate the international market. There are SME products that already have loyal customers in a number of countries. Unfortunately, business actors are still faced with trade regulations in the export sector ([batam.tribunnews.com](http://batam.tribunnews.com), 2017).

The complexity of export permits that must be fulfilled by SMEs makes marketing products abroad inevitably have to go through third hands or third parties. This third party is a licensed distributor company that has an export-import license. These third parties have access to international goods delivery through the port of Belawan, Medan, and the Port of Tanjung Priok, Jakarta. Bintan Regency does not yet have a special port like Belawan and Tanjung Priok. The two superior products of SMEs, atomic nuts and fish crackers must be exported by a third party

through this special port, in this regency, Bintan cannot do it independently. (batam.tribunnews.com, 2017).

From some of the symptoms above, with the number of SMEs in the Bintan Regency that continues to increase from year to year, of course, what needs to be considered now and in the future is how the marketing strategy for existing SME products. SMEs are expected not only to grow in quantity but to be able to produce products and be able to market them to various parties so that they will generate income for the region and then have an impact on the survival of SMEs. Products produced by SMEs are expected to have competitiveness against other products in Indonesia or even foreign products. To be able to compete, of course, SMEs need promotional media or optimal promotional strategies so that their products can be recognized and competitive so that they can be attracted by various groups both domestically and internationally. Local government in this matter as facilitator and regulator, of course, cannot just leave it to the SMEs themselves. There must be policies and strategies from the local government in order to boost the competitiveness and promotion of SME products.

## **2. RESEARCH METHOD**

This type of research is a type of research with a mixed-method approach or what is called a combination method. The combination method is a research procedure in which the researcher develops research results from one method with another (Sugiyono, 2013). This research uses a sequential explanatory design technique. This technique with an explanation is a method characterized by data collection and quantitative data analysis in the first stage and then followed by the collection and analysis of qualitative data in the second stage. (Sugiyono, 2013), (Cresswell, 2009). At the quantitative method stage, using a data collection technique in the form of a survey with the sampling technique used is cluster random sampling using 65 SMEs in Bintan Regency, and in the qualitative method using in-depth interview data collection techniques with a sample technique namely purposive sampling. Interviews were conducted with the Office of Cooperatives, Micro Enterprises, Industry and Trade of Bintan Regency, the Planning, Research and Development Agency of Bintan Regency, the Office of Cooperatives, Micro Enterprises, Industry and Trade of Riau Islands Province, SMEs in Bintan Regency, PLUT-KUMKM Bintan Regency, and Suppliers or Distributor. The concept used to measure and analyze in both methods is the SWOT analysis.

## **3. RESULTS AND DISCUSSION**

### **A. Identification Of Strengths, Weakness, Opportunities, And Threats Of Marketing Of Sme Products In Bintan District**

Before a SWOT analysis is carried out, the first stage is to identify Internal and External Strategic Issues. In Bintan Regency, to find out strategic issues that are a problem for SMEs, including problems, a survey was conducted to 65 SMEs spread across 9 Districts in Bintan Regency. 65 SMEs consists of various business sectors, namely trade, culinary such as atomic crackers, fish crackers, sweet potato or potato chips, flower board services, wet cakes, tofu industry. Based on the results of a survey conducted on 65 SMEs spread across 9 sub-districts, the internal organizational issues that are the most dominant strategic issues for SMEs in Bintan Regency are as follows;

1. Internal Organizational Issues that become issues are communication issues within the business unit to distributors, suppliers, and also to customers (30%) the issue of understanding that has not been optimal in conducting promotions (26%), and 44% are other factors such as network limited in marketing, entrepreneurs are still not ready to accept

changes, licensing to carry out business promotions has problems, and the availability of promotional personnel is still limited,

2. Marketing issues, the most dominating strategic issues are the issue of limited access to marketing (32%), the issue of limited understanding in marketing on social media (20%), and the issue of marketing methods that still use conventional methods (18%). 30% is influenced by other issues such as high production prices, limited marketing networks, and limited availability of marketing centers,
3. Financial and Capital Issues, the most dominant strategic issues as the results of a survey conducted on SMEs in Bintan Regency are the issue of limited capital (50%) and the issue of capital turnover which is still relatively slow (22%), and 28% is influenced by other factors. such as the fluctuating investment climate, limited access to capital loans, and low understanding of financial and capital management,
4. Issues of Personnel and Human Resources, the dominant strategic issue is the issue of limited knowledge of product marketing (44%) and the issue of lack of training in product marketing (36%). 20% is influenced by other issues such as low soft skills for entrepreneurs, lack of entrepreneurial education support for entrepreneurs, low payroll systems,
5. Production Issues. On the issue of production, the most dominant strategy issue is in the issue of limited capital and production tools (62%), and 38% is influenced by other issues such as limited raw materials, limited production facilities, expensive production costs, limited understanding of production, and limited technology production.

Furthermore, after identifying issues from the internal environmental aspects of the organization. Then do the mapping of strategic issues on the external environmental aspects. This leveling was also carried out on 65 SMEs spread across 9 sub-districts in Bintan Regency. Based on a survey conducted on 65 SMEs in 9 Districts in Bintan Regency, the following data were generated.

1. Issues of the Political Environment, which become a strategic issue, the most dominant problems are policy / licensing issues for products (40%), and then the issue of fluctuating economic growth (28%). 32% are influenced by other issues such as expensive import duties, tax policies on products, marketing policies, political policies, expensive management of the economy, expensive processing of halal certificates,
2. Issues in the Economic Environment, the most dominant strategic issues are the weakening value of the rupiah currency and the fluctuating purchasing power of the public (30% each). 40% is influenced by other factors such as the threat of other products, fluctuating community incomes, low investment climate, weak economic turnover in the regions,
3. Social and cultures Issues, namely the issue of fluctuating public purchasing power which is the dominant issue, namely 42%, then the issue of public acceptance of products (28%) and the people's lifestyle towards online shopping (14%). 16% are influenced by other issues such as changes in people's lifestyles, undirected market segmentation, foreign products, people's views on local products,
4. Technology Issues. Strategic issues are the problems of limited knowledge of entrepreneurs on marketing with social media (24%), low marketing technology (22%) followed by the issue of the availability of social media stalls (20%). 34% is influenced by other factors, namely limited access to signals and communication access as well as less than optimal production technology,
5. Demographic and Natural Environment Issues, namely the issue of unequal population conditions in Bintan Regency which is the highest issue (36%) followed by the issue of the location of the area which is an archipelago and marine area (26%). 38% is influenced by other factors such as people's understanding of local products, limited raw materials in production, limited market access in the archipelago, transportation access that is not optimal.

The next step is to conduct a SWOT analysis, which is to analyze Internal Strengths, Internal

Weaknesses, External Opportunities, and External Threats. The results of the calculation of survey data on 65 respondents resulted in the mapping of each dimension S, W, O, T, which is as follows:

1. Internal Strength, namely in the following matters:
  - a. Comprehensive range of marketing (Marketing Strength)
  - b. High knowledge of the product (Human Resources Strength),
  - c. Optimal communication within the business unit to distributors, suppliers and customers (Internal Organization Strength),
2. Internal Weakness, namely in the following matters;
  - a. Limited access to training and rarely get training (Human Resource Weakness),
  - b. Limited capital (Financial and Capital Weaknesses),
  - c. Limited access to marketing (Marketing Weakness),
  - d. Limited production equipment (Production Weakness),
3. External Opportunities, namely in the following matters.
  - a. Easy and straightforward licensing requirements (Opportunities for Political Environment),
  - b. Public acceptance of SME products (Social and Cultural Environmental Opportunities),
4. External Threats, namely in the following matters.

Difficult licensing requirements and hindering the expansion of the marketing network (Threats to the Political Environment),

  - Uneven population conditions (Demographic and Natural Environmental Threats),
  - a. Fluctuating the purchasing power of society (Economic Environmental Threats).

From the SWOT analysis, the results of the SME Product Optimization Strategy for Bintan Regency are as follows.

1. Strengthening SME Institutions and Human Resources
2. Establishment of a business community
3. Development of Business Partnerships,
4. Utilization of Information Technology in SME Product Marketing Development.

## **B. Strategy Optimization Smes Product At Bintan Regency**

### **1. Strengthening Sme Institutions And Human Resources**

#### ***a. Recording Regional Featured SMEs***

The focus strategy is one of the stages that was initiated in Porter's concept of strategic management (Wilantara & Susilawati, 2016). The focus strategy is used to build a competitive advantage in a narrower market segment. This type of strategy is intended to serve the needs of consumers who are small in number and relatively unaffected by price in their purchasing decisions. This strategy is also useful in markets with specific segments in a particular market which is also called a market niche to meet a product need.

SMEs that have products certainly have advantages and characteristics that are not owned by other SMEs, therefore these advantages and characteristics must be highlighted so that consumers and customers will remember. Thus, it is easy to identify and remember the advantages of SME products. (Sumodiningrat & Wulandari, 2016). The focus of development on featured regional products must be followed by the following steps.

- a. Facilitation of optimal Brand and Product Design including packaging and product quality,
- b. Design Certification and Intellectual Property Rights for Products,
- c. Halal and Health Certification for products (Sumodiningrat & Wulandari, 2016).

**b. *Personal Motivation for Changing Business Environment***

Personal motivation for human resources (HR) of SMEs is very important. Approaches that are personal and emotional in nature should also be of concern to local governments towards SMEs. The provision of facilities and infrastructure is not sufficient for developing SMEs without touching personal and emotional concerns. In fact, when the company was still in the micro, small, and medium-class, a real entrepreneurial spirit was needed. Without the entrepreneurial spirit, the business will not survive. So the conclusion is that the spirit of entrepreneurship must exist in SMEs, but it does not stop here, the spirit must be transmitted to all members so that the business can survive and grow. (Kartawijaya, 2017).

**c. *Assistance, Education, and Technical Training Featured SMEs.***

In the context of assistance in accordance with the needs of Regional Featured SMEs, technical assistance is:

1. Product Management Assistance. In product management, (Widjojo, 2017) Sari explained that there are several stages, namely: Developing Product Goals, Building Product Design, Designing Tactical Decisions for Products,
2. Price Management Assistance. Price is also one that needs to be considered by SMEs. Because the price is a substitute for value, the amount that must be paid, or exchanged by consumers to get something offered or a product (Widjojo, 2017). In price management, there are steps that need to be taken, as explained by Wijaya (Widjojo, 2017) namely. Determining the Purpose of Pricing, Estimating Demand, Considering Costs, Observing the Environment, Choosing a Pricing Strategy,
3. Distribution Management Assistance. The distribution or marketing mix is closely related and most influencing. Distribution is related to price, product, and place. The choice of retailer for a product will affect pricing, the type of product selected, and the product positioning (Wijaya dalam Widjojo, 2017). The intensity of distribution channels is selected according to the most appropriate needs in achieving marketing objectives. So that it is divided into three, namely:
  - a. Intensive Distribution. It aims to maximize market coverage by selling products through all wholesale and retail stores in an area.
  - b. Exclusive Distribution. This type only selects one shop in a specific area. This distribution is suitable for high quality products, classy or even for certain segments,
  - c. Selective distribution. This distribution is to meet the number of products or large orders, high sales costs, and high service needs. Products that are not consumed daily or products ordered for specific purposes fit this distribution strategy.

Human resource development in SMEs is defined as preparing individuals or groups with a set of information and knowledge to achieve a certain level of competence in order to have new standards of knowledge, attitudes, skills and responsibilities in developing a business. Thus the development of human resources for SMEs has the characteristics of 1) oriented towards future needs, 2) long term and 3) a planned change (Wilantara & Susilawati, 2016).

**d. *Assistance for Increasing Branding, Positioning and Differentiation of Products and Brands of SMEs***

A brand is an identity created by a marketing person to make it easier for consumers to choose a product (Wasesa, 2013). So to introduce the brand of a product to consumers is called branding or called a brand image. In the concept of branding when a consumer chooses a brand, the brand will work harder to create other needs. This is because consumer loyalty is very limited. The keyword of branding is to create consumer needs, not just fulfill consumer needs (Wasesa, 2013). Branding according to Keller (Wilantara & Susilawati, 2016) First, the consumer-reflected brand assessment starts from the consumer's memory, and second, the way people think about a brand abstractly in the consumer's mind, even though when consumers think about it, the consumer is not directly dealing with the product. Building a brand image can be done through long-term intensive studies of these products and business activities by considering, first, simplicity to be

easy to remember, second, containing uniqueness and identical to product identity, third, being able to differentiate between products, business activities, and fourth, it does not contain descriptive connotations in consumers' memories (Wilantara & Susilawati, 2016). There are several things that must be done by a business actor in developing its brand image, first, innovation. Products created may only be generic products. However, innovation in giving a brand name to a product must be considered. The same product but must look different in the minds of consumers. The second, brand association. This brand association deals with how consumers remember our products. A good association is when consumers remember the specific values of our products (Wasesa, 2013).

Furthermore, in the context of positioning, namely an action or step from the producer to design the company image and value offering in which the consumers of a certain segment understand and appreciate what a particular segment is doing. Positioning is a strategy in marketing activities that aims to create difference, profit, and benefit. Positioning must describe the value for consumers and that value is superior value. Positioning must reflect the strengths and advantages of the company, and be based on competitors.

From the differentiation side where differentiation is a way that companies do to create a unique position in the minds of consumers (Purwaningsih et al., 2018). Diferensiasi dapat dilakukan dengan empat dimensi yaitu:

- a. Product differentiation, namely by modifying the product to be more attractive,
- b. Service differentiation, namely increasing the creativity of elements such as packaging, prices, promotions, and services.
- c. Personal Differentiation, namely differentiation through personal excellence,
- d. Brand Differentiation, namely the brand image is identical to having distinctions based on one's character or era (Purwaningsih et al., 2018).

## **2. ESTABLISHMENT OF A BUSINESS COMMUNITY**

Community is seen as an effort to unite several community entities into a goal with the hope of gaining common prosperity and mutual progress. The assumptions used in the community approach include, First, the attention of community members to change efforts. Second, the success of community development is correlated with the degree of opportunity for community members to participate. Third, issues and problems at the community level can be resolved based on the needs of community members. Fourth, a holistic approach is important in community development because of the interconnectedness of community problems and issues (Nasdian, 2014). The following is the data on SMEs per district in Bintan Regency;

**Table 1. SME Product Highlights 2018 Bintan regency Per Subdistrict**

<b>sub-district</b>	<b>Featured Product Types</b>	<b>Number of Business Actors</b>
East Bintan	Dried Anchovy Shelter	1
	Flower Wreath Services	2
Bintan Bay	Fish, Shrimp and Crab Shelters	1
	Cake Business	1
	Freshwater Fish Cultivation	1
	Fish Crackers	2
	Croton bag	1
Sri Kuala Lobam	Cake Business	2
	Motor Boat Manufacturing	1
	Tofu Making	1
Sebong Bay	Making Kelong Floating	1
North Bintan	Cultivation of Mushrooms and Processed	1

	Rujak Chips	1
	Sambel Pecel	1
	Peanut Peyek	1
	Grim Cookies	1
	Pastry	1
Toapaya	Cake Business	5
	Chips	2
	Cake	11
	Oyster Mushroom Cultivation	1
Gunung Kijang	Rengginang Kledek	1
	Gule Ant Ginger	1
	Tamban Fish Crackers	1
	Atomic crackers	1
	Cake	4
	Tape Making	1
Coastal Bintan	Fish Shelter	2
Mantang	Fish Shelter	1

*Source: The Office of Cooperatives, Micro Enterprises, Industry and Trade of Bintan Regency in 2018, Bintan Pesisir District Office in 2018, and Mantang District Office in 2018*

The stages of developing SMEs with a community approach are carried out as follows. First, it starts with a discussion process at the community level in order to identify problems as well as discuss solutions. Of course, this is related to product problems, product sales, and marketing of SME products themselves. Second, the next step is that community members must always come together to discuss the latest issues and problems related to the problems of the community (Nasdian, 2014). When these two steps are carried out continuously, it will become a media for discussion for community members for mutual improvement and refinement. The community approach is the approach most often used in the context of community development. The community approach displays three main characteristics, namely broad-based participation, community is an important concept and holistic care (Nasdian, 2014). The community approach usually solves broad problems and is in the interest of almost all citizens. The advantages of using a community approach are the high participation of citizens in decision-making and implementation of actions, a thorough study of problems, and produce changes based on the notion of moral support for implementation by all citizens. (Cary, 1973) (Nasdian, 2014).

### **3. DEVELOPMENT OF BUSINESS PARTNERSHIPS**

Market segmentation is necessary because companies can better understand the behavior of market segments, marketing programs can be more directed according to the behavior and needs of each market segment (Purwaningsih et al., 2018). Based on the results of interviews with 65 SMEs in all districts of Bintan Regency, it was found that market segments were consumers seen from several aspects as follows.



**Table 2. Consumer Segmentation of Bintan SME Products Based on Geographical, Demographic, Psychographic, and Behavioral Aspects**

NO	ASPECT	CONSUMER BEHAVIOR PATTERNS
1	Geographical	<ul style="list-style-type: none"> <li>• People who live close to SMEs</li> <li>• Communities outside territorial boundaries but know SME actors as the status of friends, relatives, joint business groups, subscribers, or tourists</li> </ul>
2	Demographic	<ul style="list-style-type: none"> <li>• All people</li> </ul>
3	Psychography	<ul style="list-style-type: none"> <li>• Both domestic and international tourists</li> </ul>
4	Behavior	<ul style="list-style-type: none"> <li>• Local people who have a culture of "like to snack"</li> <li>• Looking for snack products that are not only delicious but guaranteed to be hygienic, clean, and beneficial to health</li> </ul>

*Source: Processed Primary Data, 2018*

Based on the market segmentation mapping based on the above consumer behavior patterns, the next step is to map the right market for SMEs. This market mapping, so that SMEs and including local governments will facilitate by forging partnerships in certain markets whose behavior patterns are in accordance with their segmentation. So after the analysis is carried out, the mapping of target market partners for SME products is as follows.

**Table 3. Mapping of Target Market for SMEs Product Partners in Bintan Regency**

CONSUMER BEHAVIOR PATTERNS	THE INTEGRATED MARKET	SPECIFIC MARKET	A CONCENTRATED MARKET
People who live close to SMEs	SMEs outlets / shops	SMEs outlets / shops	SMEs outlets / shops
Communities outside territorial boundaries but know SME actors as the status of friends, relatives, joint business groups, subscribers, or tourists	Supermarkets, People's Market, People's Snack Center	Travel Market, Market By-By, SMEs Center, Outlet SMEs / Tok o , access to transportation	Tourism Market and Souvenir Market, SMEs Center
Both domestic and international tourists	Supermarkets, People's Market, People's Snack Center	Tourism Market, Souvenir Market, SMEs Center in tourist areas, Transportation Access closest to tourist access	Tourist Market and Souvenir Market, SMEs Center in tourist areas
Local people who have a culture of "like to snack"	Supermarkets, People's Market, People's Snack Center	SMEs outlets / shops	People's Snack Center
Looking for snack products that are not only delicious but guaranteed to be hygienic, clean, and beneficial to health	Supermarkets, People's Market, People's Snack Center	SMEs outlets / shops	SMEs Outlets / Shops, Souvenir Markets, SMEs Centers

*Source: Processed Primary Data, 2018*

For the new market side, it is also necessary to know whether the market to be worked on is an existing market or a new one (Widjojo, 2017). Mapping of markets and their products can be done by paying attention to the Product-Market Growth Matrix as explained in the following.

- a. The growth strategy for existing products in existing markets can be implemented for business actors with market penetration.
- b. For existing products and entering new markets, market development can be chosen as a strategy.
- c. If a company develops a new product in an existing market, the strategy chosen is product development.
- d. For new products targeting new markets, a diversification strategy can be selected. Where business actors modify their businesses to avoid dependence on single products whose markets are not yet clear (Widjojo, 2017).

The four strategies can be the basis for SMEs to map their products in the right position and carry out market targets correctly. There are four strategies that can be taken by business actors to enter new markets, namely exports, contract agreements, or direct investment (Widjojo, 2017).

#### **4. UTILIZATION OF INFORMATION TECHNOLOGY IN SME PRODUCT MARKETING DEVELOPMENT**

The next strategy in developing SMEs which will be related to the optimization of product marketing is to develop marketing by building online sales stalls and optimizing marketing to the wider community using social media.

This strategy was necessary because of the changing world specifically in the business world with the Uber Civilization (Kasali, 2017) the characteristics as described in the following table.

**Table 4. Comparison of the Old and New Worlds (Uber Civilization)**

Old World	New world
<i>Time series and linear</i>	<i>Real time and exponential</i>
<i>Owning economy</i> (the economy of owning, controlling, integrating)	<i>Sharing economy</i> (sharing economy, access)
<i>On the lane</i> (waiting for the queue)	<i>On demand economy</i> (once desired, when it is also available)
<i>Single Supply-Demand</i>	<i>Supply-Demand</i> with networking
The opponent is clear	The opponents were nowhere to be seen

Sources: (Kasali, 2017)

As for the things that are done in order to develop SME Products in Bintan Regency, namely by means;

##### **1. Optimizing the Use of Social Media**

Optimizing the use of social media that has been built is to use social media that has been generally used by the general public. For example Facebook, Instagram, Tweeter,Whatsapps, and so on. In the business world, business actors have been given space to market their products on social media such as Bukalapak, Tokopedia, Shopee, and so on.

In this digital era, SMEs today must not forget about the offline market, but they also need to combine online markets that will enlarge the brand business (Kartawijaya, 2017). The position of these two channels should strengthen the SME business. SMEs must uphold a mature entrepreneurial spirit which is very necessary. Don't just be a SMEs with only motivation and courage. Then if there is a problem always return it to government funds or CSR. CSR funds are not able to be sustainable continuously, the government is only able to take sides, then what if you want to be sustainable, there must be efforts from the SMEs themselves, it requires creativity,

productivity and continues to hone your entrepreneurial spirit. Including utilizing social media in the digital era is now a necessity, only SMEs want or don't want to enter this new world (Kartawijaya, 2017).

## **2. Building SME Community in Social Networking**

In this era of Uber, the market condition is a sharing market, where the economy is sharing and includes access. In the context of SME marketing, SMEs actually do not need to have access to marketing partially but are able to use networks that are then able to market together, grow together, and gain mutual benefits. (Kasali, 2017). One way is to build community in social networks. This social network can use facebook, instagram, tweeter and so on. One of the concrete forms that are carried out by SMEs in Jakarta is by building a community together with the SMEs Friends Community which then moves in the real world and spreads its influence in cyberspace. The SMEs Friends Community is a gathering place for SME players and Indonesian entrepreneurial professionals. So all SME actors throughout Indonesia including Bintan Regency can register and share information. Apart from Instagram, this community also has a website that can be accessed, namely on the [www.sahabatumkm.id](http://www.sahabatumkm.id) page. The following is a website of SMEs friends community that can be accessed by all SMEs.

If SME, especially in Bintan Regency, join this community, this community provides access to information and means of delivering knowledge through programs that can increase business potential in the future and expand the product marketing network of Indonesian SMEs. Through online and offline activities, SMEs friends community is the right place for Indonesian SMEs to develop their business potential ([sahabatumkm.com](http://sahabatumkm.com), 2018). In addition, various kinds of training and events where SMEs can participate are available in this community. With the existence of this SME-friendly community, limited access and ability will no longer be an obstacle for SMEs. So that the problem of human resource weakness in SMEs can actually be answered if the SME network access is expanded again.

Another way of forming a community, local governments who understand technological advances can initiate SMEs to be gathered and combined in the community in social networks. Starting from groups onWhatsapps, Facebook to Instagram. Proactive government and SMEs are needed in order to improve the current sales and marketing patterns of SMEs. In this era, business actors are no longer preoccupied with producing their own goods, then marketing themselves, selling themselves, building their own online stalls. However, the sharing market has enabled business actors to build networks by working together in their communities with an orientation to develop together, advance together and gain mutual benefits. (Kasali, 2017).

## **3. Development and Strengthening of Digital-Based SMEs**

Development and Strengthening In a study conducted by Deloitte Access Economics entitled SMEs Driving Indonesia's Progress, the exploration begins by describing the overall digital trend and quantifying trends based on data taken from a specific survey of more than 400 SMEs conducted in 2015 Digital-Based SMEs (*Deloitte Access Economics*, 2015). In the research, the level of use of digital technology is compiled and presents an economic model that shows the increasing level of use about a series of business performance developments including increased income, employment, innovation, and others (*Deloitte Access Economics*, 2015). Technology has been one of the most important drivers of business productivity for decades - such as computers in the 1980s, easy-to-use software in the 1990s, and the internet in the 2000s. Today, rapidly growing digital technologies such as the cloud, smartphones, apps, and data analytics are having a huge impact on consumers and businesses around the world. For consumers, a technology that continues to develop such as social applications (social apps) is a suggestion to facilitate the exchange of knowledge and information. For businesses, these applications expand the reach of

traditional businesses allowing them to enter new market shares, improve sales and marketing efficiency and improve business operations.

Bernoff and Li (*Deloitte Access Economics*, 2015) states, "with increasing social participation among consumers and the ongoing rapid growth of technology, it is now possible to place social applications on the same level as other business projects." Consumers today are spending more and more time online and making decisions based on digital content, including consumer reviews and product descriptions on web pages. The ability of business people to seize these opportunities will be an important factor for the growth of the digital economy. Indonesia is in the midst of a digital trend. In 2012, Jakarta was ranked as the world's most active country on Twitter. Twitter users in Jakarta account for about 2.4% of the total 10.6 billion tweets sent every day around the world. Today, Indonesia has the fourth-largest Facebook user base and the fifth largest Twitter user base in the world. Indonesia also uses online messaging applications widely such as Whatsapp, LINE, and BBM where it is estimated that around 97% of mobile phone users access online messaging media many times every day, most Indonesians also have several online messaging applications installed on their digital devices. (*Deloitte Access Economics*, 2015).

Businesses in Indonesia are also increasingly aware of the power of the internet and digital devices. In a study conducted by Deloitte Access Economics 38% of business owners and managers identified that having a website is very important to the success of their business in interacting with consumers, whereas 32% and 23% stated the same for social media and mobile messaging applications. In comparison to social media, email is an even more important tool with over 67% of respondents saying email is important. This result should come as no surprise as email is one of the most accessible forms of digital communication in Indonesia (*Deloitte Access Economics*, 2015).

Based on research conducted by Deloitte Access Economics, this explains the benefits for SMEs if they switch to digital SMEs, namely:

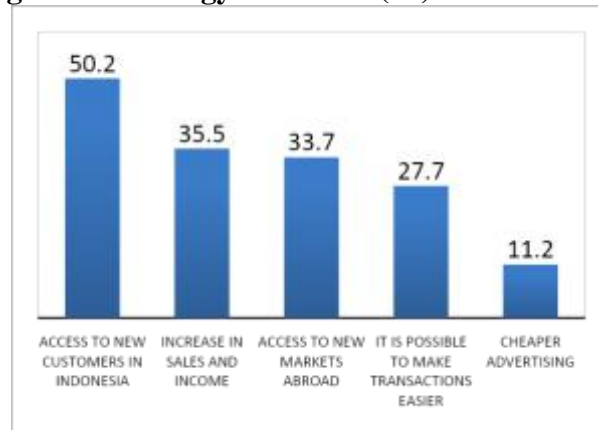
- a. Increase in income up to 80%;
- b. One and a half times more likely to increase employment opportunities;
- c. 17 times more likely to be innovative;
- d. SMEs that use more digital technology is becoming more competitive internationally (*Deloitte Access Economics*, 2015).

The use of digital trends for SMEs, based on research conducted by Deloitte Access Economics, is divided into four, namely:

- a. Off-grid businesses: No broadband access, no computers or smartphones, and no networking sites.
- b. Basic online business: There is broadband access, owning a digital device such as a computer or smartphone, and a static online presence.
- c. Intermediate online business (intermediate): directly involved in social networking, through a combination of networking sites integrated with social media, live chat, or customer threads in a networking site.
- d. Advanced online business: has advanced connectivity, integrated social networking, and e-commerce business capabilities (*Deloitte Access Economics*, 2015).

The importance of digital trends for the SME world is significant enough to expand the SME marketing network itself. General data from the results of the following Deloitte Access Economics research shows some of the benefits of digital technology felt by SMEs (*Deloitte Access Economics*, 2015).

**Figure 1. Benefits of Digital Technology for SMEs (%)**



*Sources: (Deloitte Access Economics, 2015)*

Therefore, the Government of Indonesia, especially for Regional Governments, to develop digital-based SMEs, there are several suggestions provided by Deloitte Access Economics which is a policy step that becomes a benchmark for the development of SMEs in the region, especially the Bintan Regency. The policies are:

- a. Increasing broadband access is something that must be prioritized.
- b. Helping all SMEs to become digital businesses.
- c. Expanding e-payments.
- d. Expanding access to investment.
- e. Extending e-government services (*Deloitte Access Economics, 2015*).

#### **4. CONCLUSION**

The conclusions in this study are, first, that SME products in Bintan Regency still have and are affected by environmental issues, both internal environment, such as communication within the business unit to distributors, suppliers, and customers, limited capital, limited knowledge of marketing, products, and limited means of production, as well as external issues such as policies / licensing for products, the weakening value of the Rupiah currency, fluctuating purchasing power of the public, knowledge of entrepreneurs regarding marketing using social media, and uneven population conditions. Second, these issues then cause the Bintan Regency SME products to not be optimal in terms of marketing. Third, the strategy formulated must answer these issues, so that the strategy set is not just an annual routine program, but answers the problems of products that have been produced by SMEs.

#### **5. RECOMMENDATION**

The recommendations that can be generated in this study are, First, to determine the marketing optimization strategy of these SME products into a maximum legal product in the form of a Bintan Regent Regulation, and at least in the form of a Bintan Regent Decree. By forming a legal product, the results of this study will become the basis for the legal basis that must be carried out by relevant stakeholders, especially in planning for the development of SMEs and their products. Second, integrating this strategy into the Bintan Regency Mid-term Regional Development Plan, especially in terms of developing and marketing SME products. Third, become the basis for policymaking in development planning, especially in the field of micro, small and medium enterprises and actualized in the Bintan Regency Regional Development Planning Conference. Fourth, to become the legal basis and guidelines in the preparation of the Bintan Regency Regional Government Work Plan, especially for related Regional Apparatus Organizations in planning

development programs in the micro, small and medium enterprises, and fifth, becoming the basis for the synergy of Regional Apparatus Organizations related to the development and development of SMEs and make this strategy a guideline in the preparation of cross-sectoral regional development plans, especially those related to micro, small and medium enterprises.

## REFERENCES

- batam.tribunnews.com. (2017). Kualitas Produk UMKM Bintang Layak Saing di Luar Negeri Tapi Masalah Ini yang Menjegal. 7 Desember 2017.
- bintankab.go.id. (2018). Jumlah UMKM Kabupaten Bintang Capai 2.871 Pelaku Usaha. 22 Februari 2018.
- Cary, L. . (1973). *THE AMERICAN COLLEGE TESTING rdij PROGRA*. 156, 39–40.
- Cresswell, J. . (2009). *Reseacrh Design, Qualitative, Quantitative, and MIXed Methods*. Mcgraw-Hill.
- Deloitte Access Economics. (2015). *UKM Pemicu Kemajuan Ekonomi*.
- Kartawijaya, H. (2017). *Citizen 4.0*. Gramedia Pustaka Utama.
- Kasali, R. (2017). *Distrubtion*. Gramedia Pustaka Utama.
- Nasdian, F. . (2014). *Pengembangan Masyarakat*. Yayasan Pustaka Obor.
- Purwaningsih, E., Huda, N., Muslikh, H., & Annisariza, N. U. (2018). *UMKM Aspek Hukum dan Manajemen Pemasaran Produk*. EmpatDua.
- sahabatumkm.com. (2018). *Sahabat UMKM*.
- Sudaryanto, Ragimun, & Wijayanti, R. R. (2014). Strategi Pemberdayaan UMKM Menghadapi Pasar Bebas Asean. *Www.Kemenkeu.Go.Id*, 1–32.  
[http://www.perpustakaan.depkeu.go.id/FOLDERJURNAL/2014\\_kajian\\_pkem\\_Strategi Pemberdayaan UMKM.pdf](http://www.perpustakaan.depkeu.go.id/FOLDERJURNAL/2014_kajian_pkem_Strategi_Pemberdayaan_UMKM.pdf).
- Sudaryanto, S., & Hanim, A. (2002). Evaluasi kesiapan UKM menyongsong pasar bebas ASEAN (AFTA): Analisis perspektif dan tinjauan teoritis. *Jurnal Ekonomi Akuntansi Manajemen*, 1(2).
- Sugiyono. (2013). *Metode Kombinasi*. Alfabeta.
- Sumodiningrat, G., & Wulandari, A. (2016). *Membangun Indonesia Dari Desa*. Media Presindo.
- Wasesa, S. . (2013). *Political Branding & Public Relations*. Gramedia Pustaka Utama.
- Widjojo, H. (2017). *Sari-Sari Pemasaran dan Aplikasinya di Dunia Bisnis*. Prasetya Mulya Publishing.
- Wilantara, R., & Susilawati. (2016). *Strategi dan kebijakan pengembangan UMKM: upaya meningkatkan daya saing UMKM nasional di era MEA*. Refika Aditama.